

OPEN MEETING AGENDA ITEM



ORIGINAL

TO: Arizona Corporation Commission
FROM: American Solar Electric, Inc
DATE: July, 23 2007

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RE: IN THE MATTER OF ARIZONA ELECTRIC POWER COOPERATIVEVE, INC.'S
AMENDED AND RESTATED EPS/REST PLAN (DOCKET NO. E-017 73A-05-0723)

American Solar Electric Inc. applauds the efforts of the Arizona Electric Power Cooperatives Inc. (AEPCO), to create a workable REST/EPS implementation plan and offers the following comments.

We support the verbal agreement between staff and AEPCO -- mentioned in the staff report -- to do away with existing incentive caps. Currently, AEPCO's Sun Watts Rebate Program caps commercial systems at 5kW and residential systems at 2 kW. These caps make it difficult for AEPCO customers to offset a large portion of their utility bill, and this greatly discourages the wider adoption of solar in AEPCO service territory. As a basis for comparison, the smallest residential system that American Solar installs is 2 kW, and the average size of one of our systems sold in either APS or SRP service territory is approximately 4.5 kW. Most of our commercial systems are well over 20 kW and some are as high as 200kW.

We have serous concerns over AEPCO's intent to spend no more than \$132,000 in 2008 for PV rebates. With AEPCO's current incentive level of \$4.00 per watt, \$132,000 will provide incentives for the installation of approximately 33 kW of solar electricity, or around 7 of our average residential systems.

This is far from adequate. The REST requires that by the end of 2008 that 1.75 % of AEPCO's electricity come from renewable energy and that 10% of that come from distributed generation installations that would most likely be covered under the Sun Watts Rebate Program. In other words, by the end of 2008 AEPCO must generate .175% of its energy from Sun Watts Rebate Program supported installations. AEPCO can not meet this goal by installing a total of 7 residential systems a year. We suggest an increase in funds available to the Sun Watts Program, and would like to know what portion of REST goals AEPCO believes it can meet with its currently proposed incentive spending limit.

Finally, American Solar supports staff's recommendation to require that AEPCO, "...incorporate UCPP procedures and incentive levels into its proposed REST Plan for 2009 and later years"

Tom Alston
Manager, Business & Policy Development
American Solar Electric
3008 N. Civic Center Plaza
Scottsdale, Arizona 85251
Tel: (480) 994-1440 x 109
Cell:(480) 254-9312

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